

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 EUR-12 EA-09 IO-13 ISO-00 L-03  
AGRE-00 AID-05 CEA-01 CIAE-00 COME-00 FRB-01  
INR-07 NSAE-00 SP-02 STR-04 TRSE-00 LAB-04 SIL-01  
OMB-01 /082 R

DRAFTED BY EB/OT/TA:TO'HERRON:PRM  
APPROVED BY EB:PHBOEKER  
EB/OT/TA:DDUNFORD  
EB/ORF/OFP:JRICHARDSON  
EB/ITP:WWGEIMER  
L/EB:CROH  
EUR/RPE:PMCLAIN  
USDA/FAS:BMEEKER  
USDA:DHATHAWAY  
STR:BSEASTRUM  
COMMERCE:DSCHLECTY  
LABOR:DWANAMAKER

-----060451Z 077809 /13

P 060225Z APR 77  
FM SECSTATE WASHDC  
TO USMISSION EC BRUSSELS PRIORITY  
AMEMBASSY BONN  
AMEMBASSY BRASILIA  
AMEMBASSY BRUSSELS  
AMEMBASSY BUENOS AIRES  
AMEMBASSY COPENHAGEN  
AMEMBASSY DUBLIN  
AMEMBASSY LONDON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY MADRID  
AMEMBASSY PARIS  
AMEMBASSY ROME  
AMEMBASSY TOKYO  
USMISSION OECD PARIS  
USMISSION GENEVA  
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E.O. 11652:N/A

TAGS: ETRD, EAGR

SUBJECT: SPECULATION REGARDING U.S. SOYBEAN EXPORT EMBARGO

REF: EC BRUSSELS 2884

1. THERE HAS BEEN CONSIDERABLE RECENT SPECULATION IN U.S. AND ABROAD THAT USG IS CONTEMPLATING AN EXPORT EMBARGO ON SOYBEANS BECAUSE OF RECENT PRICE INCREASES. THIS SPECULATION IS UNFOUNDED; SOYBEAN EXPORT EMBARGO IS NOT UNDER CONSIDERATION. USDA SECRETARY BERGLAND TOLD SENATE AGRICULTURE COMMITTEE MARCH 31 THAT CHANCES OF AN EXPORT EMBARGO ON SOYBEANS ARE "ALMOST NIL." ON APRIL 4, HE TOLD A PRESS CONFERENCE THAT A SOYBEAN EMBARGO WAS "ABSOLUTELY NOT BEING CONSIDERED".

2. IN DISCUSSING FOREGOING WITH INTERESTED PARTIES, POSTS MAY POINT OUT THAT THE SOYBEAN EXPORT RESTRICTIONS WHICH U.S. IMPOSED BRIEFLY IN 1973 WERE IMPLEMENTED AT A TIME OF PRICE CONTROLS ON CONSUMER PRODUCTS, INCLUDING MEAT, POULTRY AND SOME SOYBEAN PRODUCTS. AT THAT TIME, THE ADMINISTRATION WISHED TO DAMPEN DEMAND FOR ANIMAL FEED COMPONENTS, HOPING THEREBY TO REDUCE PRESSURE FOR HIGHER MEAT PRICES. PRESENT SITUATION IS THUS FUNDAMENTALLY DIFFERENT FROM 1973; THERE ARE NO PRICE CONTROLS IN EFFECT.

3. YOU MAY FIND IT USEFUL TO POINT OUT THAT THE SITUATION IS SUBSTANTIALLY DIFFERENT FROM THAT OF 1973 IN THE FOLLOWING WAYS: (1) THE U.S. SOYBEAN SUPPLY IN 1976-77 AT 1.51 BILLION BUSHELS IS 12 PERCENT ABOVE THE 1972-73 VOLUME, AND EXPORTABLE SUPPLIES OF SOYBEANS AND MEAL FROM THE 1977 UNCLASSIFIED

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BRAZILIAN CROP NOW BEING HARVESTED ARE ESTIMATED TO BE IN THE MAGNITUDE OF 8 MILLION TONS MEAL BASIS COMPARED WITH ONLY 2.8 MILLION TONS IN 1973; (2) EXPORTABLE SUPPLIES OF SOYBEANS AND MEAL FROM THE 1977 ARGENTINE CROP NOW BEING HARVESTED ARE ESTIMATED TO BE IN THE MAGNITUDE OF 600,000 TONS MEAL BASIS AGAINST ONLY 54,000 TONS IN 1973; (3) THE INCREASE IN PRICES FOR SOYBEANS AND PRODUCTS SO FAR THIS SEASON (TO LEVELS SIGNIFICANTLY ABOVE THE SAME MONTHS IN 1972-73) IS EXPECTED TO RESULT IN A SIGNIFICANT REDUCTION IN MEAL DEMAND, BRINGING SUPPLY AND DEMAND INTO BALANCE; (4) THE WORLD IS NOW SIGNIFICANTLY LESS DEPENDENT UPON U.S. EXPORTS OF SOYBEANS AND MEAL THAN IN 1972-73, REFLECTING SHARP ABOVE TREND GAINS IN FOREIGN PRODUCTION OF OILS AND MEALS; (5) WORLD SUPPLIES OF OTHER ANIMAL FEED COMPONENTS, SUCH AS CORN AND WHEAT, ARE PLENTIFUL; (6) IN 1973, BOTH USG AND SOYBEAN TRADERS WERE HANDICAPPED BY A LACK OF INFORMATION ON SOYBEAN EXPORT PROSPECTS AND COMMITMENTS. THE REPORTING SYSTEM NOW IN PLACE IS PROVIDING MUCH CLEARER PICTURE OF MARKET MOVEMENTS AND CONDITIONS

THAN WAS POSSIBLE IN 1973; MARKET CAN NOW ADJUST TO SUPPLY  
AND DEMAND PROJECTIONS IN AN ORDERLY MANNER.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Executive Order:** N/A  
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**Type:** TE  
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**Review Markings:**  
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